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SUBJECT: THIS WEEK IN ALBANIA - THE ROAD ISSUE, JUNE 21 - JUNE 27, 2008

¶1. (U) The following is a weekly report prepared by Embassy Tirana's local staff to provide political and economic context and insight into developments in Albania. This week's issue focuses on the current state of the construction of Albania's most ambitious road project to date.

INFRASTRUCTURE DEVELOPMENTS

¶2. (U) Massive Road Construction Project Underway: The most ambitious road construction project in Albania's history is underway as we speak. The new four lane highway connecting Albania's largest port in Durres with Kosovo will be 170 km long and is expected to cut travel time from six hours to just two. About 111 km of the road will be completely new, cutting across the mountain valleys of northern Albania, and ensuring a low altitude for the road in order to avoid heavy winter snowfalls in the area. The most important stretch of the highway, the 61 km Rreshen-Kalimash segment, includes two six-km tunnels and 27 bridges and involves the movement of more than 19 million tons of cubic meters of land. Both tunnels and one of the bridges (80 m long) are some of the most impressive ever built in the region. The new road is expected to increase travel speed from a mere 20 mph to about 70 mph.

¶3. (U) All of these figures, however, don't sink in until you go and visit the construction site for yourself. From Tirana it takes roughly two hours to reach the main base camp of Bechtel-Enka, the joint venture building the road. The base camp provides lodging and office facilities for the approximately 3000 people currently engaged in this enormous construction project; dozens of prefabricated offices and apartment houses dot the landscape.

¶4. (U) One can get an initial grasp of the sheer magnitude of the project by looking at the blueprints and the number of design engineers moving about the site. The true picture, however, becomes clear when you begin traveling along the stretch of the new road leading through one of the most impressive valleys of Albania's northern region. Heavy-duty machinery, bulldozers, and trucks are constantly changing the landscape of the lower hills, removing whole segments of the mountain as they prepare the ground for the road. Several newly built bridges are already in place and most of the material for the 20 other bridges have been prefabricated.

TWIN TUNNELS

¶5. (U) Once you reach the second camp located at the end of Mount Thirra you can get a glimpse of the two new tunnels underway. They cut through the mountain in what is the first tunnel project in Albania - blasting through 12 km of solid rock. Bechtel-Enka built a dirt road across the mountain that provides transportation for the workers needing to reach both sides of the tunnels, while inside the mountain work continues uninterrupted. According to site engineers, 50 percent of the tunnel excavation has already taken place with assurances that one tunnel will be completed by June 2009.

¶6. (U) Inside the tunnel American design engineers, Turkish specialized staff, and Albanian local employees work together seamlessly. Many Albanians speak some Turkish, and many Turkish workers have an Albanian family background, an example of the enduring legacy of the Ottoman Empire. Work is conducted

simultaneously at four tunnel worksites, and heavy machinery removes the dirt while iron supporters are placed, bracing the roof of the new tunnel. Every day six meters of tunnel on each end is completed, shortening the distance to when the two ends will finally meet.

WHAT'S AT STAKE?

¶7. (U) Prime Minister Berisha has staked a lot on the success of this road project. The GOA has so far invested 640 million euros, and it is estimated that the cost may shoot up to as high as 800 million euros. The government has also faced significant legal challenges. The current Minister of Foreign Affairs Lulzim Basha (he is the former Transportation Minister who initiated the project during his tenure there) has been investigated over allegations of violations of legal codes related to the project. Three other senior officials have been charged with abuse of office, again over allegations that they bypassed legal procedures to get the project underway.

¶8. (U) The continually increasing cost of the project has also become a matter of significant controversy. The initial cost estimate of 450 million euros has long since been surpassed. So far, however, the government has been able to compensate for the increase of cost with greater revenue collection and commercial-based loans. While assertions of illegal actions have yet to be proven, one thing is clear: that PM Berisha considers the project a top priority for his government, and he will not let any legal technicalities get in his way. His hopes are that the road will provide a new transportation link to the coast for land-locked Kosovo and significantly deepen regional economic ties. Furthermore, he believes that successful completion of this road will, in the end, dispel any controversy and give him the boost he needs to win reelection in 2009.

QUOTES ON THE ROAD

¶9. (U) "Prime Minister of Albania, Sali Berisha, all Albanians will be forever grateful to you for this extraordinary contribution. We also commit ourselves to push ahead with the project of the Prishtina-Vkrnica-Merdare road [Kosovo road segment of the highway] and will start construction work this year." Excerpted from Kosovo Prime Minister Hashim Thaci's address to Albanian PM Berisha on the importance of the Albania-Kosovo road project.

WITHERS